

EXECUTIVE CHAMBERS

HONOLULU

May 3, 2004

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2608

Honorable Members
Twenty-Second Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2608, entitled "A Bill for an Act Relating to the Hawaii Tourism Authority."

The purpose of this bill is to authorize the Hawaii Tourism Authority (HTA) to hire attorneys independent of the Attorney General; to exempt the HTA from the Comptroller's supervision; to authorize the appointment of a sports coordinator; to clarify the compensation package for the executive director of the HTA (\$274,500 per year); to increase the allowance for HTA's administrative expenses from 3.5 percent to 5 percent of the Tourism Special Fund; and to appropriate funds from the Tourism Special Fund to cover a fiscal problem when HTA paid 18 months of a Hawaii Visitors and Convention Bureau (HVCB) contract with 12 months of funds.

This bill is objectionable because it allows the Hawaii Tourism Authority to operate outside the safeguards of State law, micromanages the personnel decisions of the Authority, diverts funds away from direct tourism activities, and potentially creates legal difficulties for the State.

First, House Bill No. 2608 would exempt the HTA from Chapter 40, Hawaii Revised Statutes, the accounting and audit

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statutes for the State of Hawaii. This exemption would allow the HTA to spend moneys without regard to the safeguards and control administered by the State Comptroller. It would allow disbursements from the Tourism Special Fund and Convention Center Enterprise Fund to be signed by the HTA Executive Director, in effect allowing this person to sign his own paychecks. The State Comptroller ensures the propriety of expenditures and imposes no extraordinary processing delays.

Second, this bill is another example of legislative micromanagement. It would place in statute the hiring of a "Sports Coordinator" by the HTA. This provision of the bill appears to contradict section 26-39 of the Hawaii Revised Statutes that provides for the establishment of positions as deemed necessary to carry out the functions of any department or agency.

Third, the bill would divert an additional \$915,000 away from direct tourism expenditures to cover the administrative expenses of HTA. Under current law HTA is allowed to expend 3.5 percent of the Tourism Special Fund for overhead. Based on a \$61 million appropriation, a total of \$2,315,000 is already permitted to finance HTA operations. This bill would raise that total to \$3,050,000. The Tourism Special Fund was created to provide a dedicated source of funding to develop and market tourism in the State of Hawaii. To use these funds for administrative expenses constitutes a type of "internal raid" on special funds that this Administration has consistently opposed.

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Fourth, this bill would erode the consistency and objectivity in the State's legal interpretations by authorizing the Hawaii Tourism Authority to hire its own attorneys. It is important that legal advice given to an agency be consistent with the advice given other agencies and with the interests of the State as a whole. Retention of separate counsel by the HTA would likely result in inconsistent advice. Hiring outside counsel also would be another diversion of tourism funds into administrative expenditures when adequate counsel already exists in the Attorney General's office. Additionally, the Attorney General can hire special outside counsel when thorny or difficult legal issues arise and thus could accommodate any special legal needs the HTA might have.

For the foregoing reasons, I am returning House Bill No. 2608 without my approval.

Sincerely,

LINDA LINGLE
Governor of Hawaii